

FOR JUNIORS!

get outta college

DEBT
free

By Hon. John C. Ninfo

financial aid

The personal finance lessons in this article are especially important for you juniors. If you learn and practice them now, you will have an effective financial plan in place by the time you go to college!

1. Minimize your student loan debt

Every week in my bankruptcy court, I see too many young people in their 20's who have filed for bankruptcy because they were hopelessly buried under a mountain of student loan and credit card debt.

Most of these young people admitted that they realized too late they had incurred far too much student loan debt for the career opportunities and salaries they should have known would realistically be available with their degree.

As you look at colleges and begin to decide which ones you will apply to, ask yourself, "Does the final cost to earn that degree at that school make financial sense in light of the realistic career opportunities and salaries that will be available when I graduate?"

Ask yourself whether incurring student loans for more than you really need every semester, like spring break trips, makes financial sense.

2. Open a savings account and create a savings plan

Make a commitment that you will save perhaps 10 percent of all the money you receive or earn.

Further commit to build, and then maintain, an emergency fund of maybe \$500 that you will not spend except in a true emergency.

Having an appropriate emergency fund now, in college and throughout your life, will give you a great sense of financial security.

3. Open a joint checking account with one of your parents, and get a debit card

Work with your parents to learn how to balance your checking account when the statement comes every month, and track your spending to see if you are making wise choices.

START PRACTICING YOUR SAVING HABITS AS A JUNIOR TO BE A PRO BY TIME YOU'RE IN COLLEGE

4. Get in the habit of using cash

People who use cash spend less.

Use cash for things like the movies, haircuts, fast food restaurants, snacks at the convenience store and coffee stops. If it's under \$20 or you can eat it or drink it, pay cash for it.

In order to build the habit of paying cash, create a weekly cash budget for those kinds of expenses. At the beginning, you may spend through your weekly cash budget before the end of the week. But after awhile, I guarantee that you will start making different spending choices, and for many weeks, you will have a cash surplus.

5. Start working on a realistic college budget

College may seem like it's still a long way off, but now is the time to go to the CARE program Web site, careprogram.us, and download the article "Creating a realistic college budget that you can stick to."

If you do take these steps, you will be much further ahead in achieving a sound financial future than most high school graduates!

John C. Ninfo is a U.S. Bankruptcy Court judge and founder of the Credit Abuse Resistance Education (CARE) program. Learn more at careprogram.us.

